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**SF 483** – Vehicle Facility Tax Credit (LSB1380SV)

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Fiscal Note Version – New

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**Description**

**Senate File 483** creates a new refundable income tax credit for the installation of commercial, residential, and agricultural electric or natural gas vehicle refueling infrastructure. The credit is equal to 30.0% of the cost of purchasing and installing the equipment. Commercial and agricultural installation tax credits may be claimed in equal installments over three tax years. Residential tax credits may be claimed entirely in the initial tax year. All qualified installations must be placed in service prior to January 1, 2018. The Bill limits the dollar amount of tax credits that may be approved to \$5.0 million across all tax years. The tax credits are allowed on a first-come, first-served basis. This change is effective January 1, 2015, and repealed January 1, 2023.

**Assumptions**

- Sufficient demand will exist to fully utilize \$5.0 million in tax credits over the time frame available.
- Tax credits for residential installations earned in a calendar year are redeemed through the tax return process the following spring.
- Tax credits for commercial and agricultural installations earned in a calendar year are redeemed one-third through the tax return process the following spring and one-third for the following two tax years.
- The \$5.0 million in tax credits will impact net General Fund revenue on the following schedule:
  - FY 2016 = 6.7% of \$5.0 million total available
  - FY 2017 = 16.5%
  - FY 2018 = 35.6%
  - FY 2019 = 25.9%
  - FY 2020 = 15.3%
- The tax credit is refundable. Refundable tax credits have no impact on the local option income tax for schools.

**Fiscal Impact**

The new tax credit will reduce net General Fund revenue by the following estimated amounts:

- FY 2016 = \$ 0.3 million
- FY 2017 = \$ 0.8 million
- FY 2018 = \$ 1.8 million
- FY 2019 = \$ 1.3 million
- FY 2020 = \$ 0.8 million

Since the tax credit is refundable, there is no impact to the Local Option Income Surtax for Schools.

The Department of Revenue indicates that the enactment of this newly awarded tax credit will require the development of a new component to their Tax Credit Award, Claim & Transfer System. This one-time development cost is estimated by the Department to be \$90,000.

**Source**

Department of Revenue

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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